The Underlying Economic Causes of Industrial Unrest.

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Unrest among the wage-earning classes is normally a healthy symptom. It is indicative of a worthy ambition to advance standards and conditions of work and living and secure a larger measure of economic welfare. Within recent years, however, the spirit of industrial discontent has been abnormally intensified by certain economic tendencies, some of which have been the outgrowth of natural conditions, while others have been caused by an arbitrary and indefensible control of economic forces. The effect has been evident in widespread dissatisfaction both here and abroad and in labor disturbances and disputes in this and other countries. Within recent years in the United States there has been a constant recurrence of industrial warfare, which in many localities has not only culminated in a disruption of industrial organization but in a complete breakdown of civil government.

The fundamental economic fact of greatest significance in its bearing upon industrial unrest has been the constant increase in the level of prices during recent years. This tendency has been world-wide, although it has been subject to variations in different countries because of local causes. Various explanations of this advance in prices have been put forward by economic writers of authority. One of the most important of these is that because of the extraordinary increase in the world's supply of gold and its depreciation in value as compared with other commodities, more of gold, the standard of value and payments, has been required to purchase other goods. The other general explanation advanced by writers on economics is that the remarkable expansion in mining and manufacturing which has been characteristic of recent decades has caused the constant development and establishment of urban industrial localities, which, in turn, have attracted the population away from the cultivation of the land, with the result that the proper relation between urban and agricultural population has been destroyed, and the increased pressure upon the land from the growth of manufacturing and mining population has been followed by an advance in the prices of food products.

As a matter of fact, the higher price level has undoubtedly been brought about through the interworking of both of these fundamental factors, as well as by other minor ones. The point of main significance in this connection is that the increase in money rates of wages has failed to keep pace with the upward trend in prices. The net result, therefore, has been a decline in real wages. The increasing absorption of real wages by an advance in prices has inevitably led to dissatisfaction and unrest among wage-earners, which has been the cause of constantly recurring demands for increases in rates of pay, culminating frequently in serious industrial disputes. Within the past decade the decline in real wages of the American wage-earner has been very marked. One of the leading statisticians of the country, and a prominent student of price and wage statistics, recently estimated the movement of real wages in the following words:

"Many professional economists have complacently assumed that the charges of radical critics of modern industrial organizations have been greatly exaggerated. Hundreds of writers have strongly maintained that while the rich may be getting richer, the 'poor' are also getting a constantly growing return for their labor. And yet, the analysis of a large volume of statistical observations carried on for over ten years leads to the following inevitable conclusion:

"In years of falling or even slowly rising prices, the American wage-worker was able to hold his own, or to improve his condition to a slight extent. But when confronted with a rapidly rising price movement, the American wage-worker, notwithstanding his strenuous efforts to adjust wages to these new price conditions, notwithstanding all his strikes, boycotts and riots, notwithstanding all the picturesque I. W. W.ism, new unionism and modish sabotage, has been losing surely and not even slowly, so that the sum total of economic progress of this country for the last quarter of a century appears to be a loss of from 10 to 15 per cent in his earning power." *

Inequalities in the distribution of the output of industry is the second fact of fundamental importance bearing upon industrial unrest. Labor has not re-

* "The Trend in Real Wages," by Dr. I. M. Rubinow, American Economic Review, December, 1914.

ceived a fair share in industrial progress or in the increased productivity of industry. A full appreciation of this fact involves an understanding of the changes which have taken place in the technical methods and processes of industry, as well as in the corporation control and direction of mining, manufacturing and transportation enterprises.

In the first place, the unit of production, or, in other words, the industrial organization, has been so enlarged for the purpose of securing greater economies and productivity, that in many cases it includes all materials and processes from the raw material to the finished product. By way of illustration, the Steel Corporation, which controls extensive ore deposits in Minnesota, owns a railroad for transporting this ore to the water, docks for storing and loading, a fleet of vessels to carry it across the Great Lakes, and a railroad to haul it from the lakes to its mills and furnaces in the Pittsburgh district, where it also has its own coal mines, coke ovens and limestone quarries.

This coordination of industry, together with the increasing use of machinery, the development of more efficient processes of manufacturing, and the improvement of facilities for transportation and communication, from the standpoint of the employer, manufacturer, or corporation—by whatever term the capital factor may be called—has been attended by an increasing productivity or output of industry for each unit of labor and capital invested. The invention of new machinery and better industrial processes, methods and organization, has made this possible. More units of production, of steel rails in a steel mill, for instance, are now produced for each unit of labor and capital invested than formerly. Labor and capital costs have also declined. In the case of some industries the cost of materials and supplies has advanced, but almost without exception labor costs, even though rates of wages have greatly increased, have been reduced. It costs less now, for example, to produce a ton of steel rails than it did in 1900.

The effects of industrial progress, from the standpoint of the labor forces of mines, mills and factories, have also been of great significance. The most important development in this connection has been the subordination of the industrial worker to machinery and the consequent weakening of his bargaining power. In former years, skill and apprenticeship were required for mining and manufacturing occupations. By the invention and installation of wonderful machines in mines and factories, and by the adoption of improved mechanical processes, the elements of skill and training formerly required of workmen have been eliminated. The greater part of the operating forces of our industrial establishments is now comparatively unskilled. The resultant tendency is for the trade unions or labor organizations, based on skill, to disappear, or to be amalgamated in and superseded by labor organizations which are really industrial unions, and which include in their membership the workers in all occupations of certain industries. This has been brought about by the necessity of the wage-earners basing their collective action upon an arbitrary control of the labor supply in a certain industry rather than upon skill or apprenticeship in certain occupations. Striking illustrations of these tendencies are to be seen in the development of the "new" or industrial unionism, and in the strength of such mass movements as the Industrial Workers of the World, or, in the case of older unions, in such organizations as the United Mine Workers.

Unrestricted immigration from southern and eastern Europe has, during recent years, intensified these conditions arising from the increasing use of machinery in industry. From a social and political standpoint recent immigration has been of comparatively small importance. Its fundamental significance is industrial. The advent into the operating forces of mines, mills and factories of a practically inexhaustible supply of unskilled, unorganized and inexperienced workmen has accentuated the demoralizing effect of the wide use of machinery upon labor organizations and has added to the bargaining power of the employer, which had already been strengthened by the installation of machinery and the elimination of skilled and trained workers. The recent immigrant, although unskilled and without industrial experience, has been able, after a short training, by the use of machinery, to displace American and northern and western European workmen who possessed skill and training. Under these conditions, recent immigration has had the effect of constantly augmenting the available labor supply and weakening the efforts of industrial workers to improve their conditions through collective bargaining. It has also imposed a check upon wage advances because the newer immigrant has

a lower standard of living and is not so greatly affected by the rise in the cost of living. In addition to these general effects upon wages, working and living conditions, the employment of inexperienced immigrants has also been responsible in a large degree for industrial accidents. Furthermore, recent immigration has been the chief factor in producing and has had a predominating effect in intensifying the unemployment problem.

Such have been the effects of the technical side of industry considered from the point of view not only of lower costs of production, and gains in output or productivity, but also from the standpoint of the individual workmen who constitute the operating forces of mines, mills and factories. To obtain a complete understanding of the existing situation it is now necessary to examine the industrial organization from the standpoint of its management and control. A consideration of this phase of the matter brings to light probably the most significant factor bearing upon industrial unrest—the relation of the corporation form of industrial organization or management to the labor problem.

In the first place, it is obvious, as a result of recent governmental investigations, that a concentration of control of industry exists through which certain groups of financial interests by reason of their control of capital and credit are able to exercise a determining influence in the affairs of industrial and transportation corporations. The significance of this situation lies in the fact that certain financiers or groups of financiers have potential control over the economic welfare and advancement of wage-earners in the principal branches of mining and manufacturing.

This control of working and living conditions of industrial workers, so far as information is available, seems to have been mainly potential, and thus far not to any great extent, so far as information exists, to have been actively or adversely exercised. The most important practical point in the relation of the corporation organization of industry to industrial unrest is to be found in the inequalities in the distribution of the output of industry which have been caused by methods of corporation flotation and financial management. The increased productivity of industry, or the fruits of industrial progress, have been improperly diverted by corporation direction of industry. Lower labor and other costs of production should have been followed under proper conditions by higher wages, shorter hours of work, or lower prices. Money rates of wages, as a matter of fact, have advanced as compared with previous years, but not to the extent that they might have increased. The tendency has been, by corporate control of industry, to maintain or control prices of finished products. The net result, therefore, has been for the wage-earner and the consumer to fail to participate as they should in the output of industry, or, in other words, wage-earners and consumers have not received their fair share of the benefits of industrial development and progress.

As a result of this situation, the question arises as to the means by which the capital factor has secured an undue share of the wealth produced by our mines and industrial establishments. The answer is found in the history of corporation finance in this country. The gains from lower costs and increased productivity of industry have been absorbed by the interest and dividend requirements of fictitious securities issued by corporations. Under American incorporation laws industrial and transportation undertakings have been greatly overcapitalized. Gains in labor efficiency and increased returns from the development of greater productivity of labor and capital have been made the basis for new security issues. In the promotion and management of industrial corporations, securities have been floated which have not represented a real investment. These fictitious stocks and bonds have been issued as bonuses to stockholders or as indefensible commissions to underwriting syndicates or financial speculators. The result has been that permanent obligations against revenues or earnings have been created without justification. A permanent handicap is thus put upon the wage-earner by the prevailing methods of corporation finance. The efficiency of labor, or all advances in the productive efficiency of industry, is absorbed by dividend and interest requirements upon indefensible capitalization. By way of actual illustration, the Steel Corporation since its organization has taken more than $500,000,000 from its earnings, which should have gone into lower prices for steel products, or into higher wages, and placed this enormous amount of money back of its fictitious common stock in order to give it a market value. By these methods of corporation finance, brought about by a concentration of

financial control, the increasing productiveness of industry has not been shared in equitably by the wage-earner.

Although industrial workers may not be conscious of this method of absorbing the productive gains of industry, their own economic condition, which is a direct result of these methods of corporation finance, is the fundamental basis of existing discontent and industrial unrest and protest.

These are the main factors in our industrial progress which, economically speaking, are at the root of existing dissatisfaction. There are other forces at work, however, which are minor and subordinate causes of industrial unrest, and which in some cases are an outgrowth of the fundamental tendencies which have already been analyzed. One of the attendant factors which has, so to speak, intensified the chief economic causes of industrial unrest, is the insecurity of employment to workers in mines and mills. Fluctuations and irregularity in employment have grown out of modern industrial organization. Under existing conditions the wage-earner has become the residual sufferer from the establishment of seasonal industries and from fluctuations in the demand for the products of the leading and basic industries. The increased use of machinery has intensified this condition of affairs. The elimination of the requirements of skill to such a large extent has made it comparatively easy to recruit a new labor force when an industrial plant, which has closed down temporarily, wishes to resume operations. Recent immigrant workers also, who are usually single men, or married men with wives abroad, and who have no property and no interest in any specific locality or industry, have constituted a mobile, migratory class of unskilled labor, responding to the variations in employment in different localities, thereby making more possible the temporary closing down of industrial establishments and the successful operation of seasonal industries, and aggravating the evil effects of these conditions in industrial operation upon native American and older immigrant wage-earners. This tendency is constantly becoming stronger until the normal condition of unskilled workers, who form, numerically speaking, a constantly increasing proportion of the operating forces of mines and factories, is to become temporary and transitory. The availability of this supply of labor and its movement from place to place causes dislocations and dissatisfaction among the permanent forces of American communities. It also has the effect of weakening or breaking down attempts at collective bargaining among the permanent class of wage-earners.

Another cause of unrest has been the growing physical and nervous pressure placed upon industrial workers. With the increasing use of machinery and mechanical processes, the physical and nervous pressure of industry has become so great as to make the working life of the average employee of shorter and shorter duration. By the time the average wage-earner has reached the age of 45 his maximum earning capacity has declined, or he has actually been thrown, so to speak, upon the industrial scrap heap. This has had the effect of constantly adding to a group of discouraged and dissatisfied workers in the wage-earning classes.

The failure of modern industry to provide against accidents and sickness among its workers and the inability of the wage-earners to cope with such contingencies themselves, has also led to widespread suffering and unrest. This situation has aggravated the evil effects of inadequate wages, even under normal conditions, both by decreasing earnings and the efficiency of the worker.

The necessity for women and children seeking employment in order to supplement the earnings of the head of the household, and to secure an adequate family income, has been another prolific source of suffering and dissatisfaction. It has also called into existence a large supply of irregular workers, which not only keeps down the wage level and stimulates irregularity of employment, but also creates industries which neither have any economic justification nor permit the proper distribution of the share of output even according to the low standards in legitimate industries.

Conditions obtaining in industrial communities, such as certain mining, steel and glass manufacturing communities in the North, West and Southwest, and cotton goods manufacturing villages in the South, in which not only the economic life but the business and other relations of members of the localities are controlled by an industrial corporation or corporations, have also been a serious source of economic injustice and dissatisfaction among industrial workers.

This analysis of the economic causes of industrial unrest may be quickly verified from an examination of the condi-

tion of labor employed in the leading industries. The facts which have been recently developed as the result of investigations conducted under the auspices of the regular departments of the federal government, lead to some conclusions relative to the economic condition of the American wage-earner which are seemingly incredible. In the first place, earnings of male heads of families, employed as wage-earners in the principal branches of mining and manufacturing are not sufficient to maintain an independent form of family life, and recourse must be had to the employment of wives and children, or to the keeping of boarders and lodgers, in order to secure an adequate family income. Furthermore, a considerable number of industrial undertakings, as hosiery and knit goods, and silk manufacturing in the anthracite regions, have been established on the assumption of taking advantage of the presence and the necessity of women and children working. Housing and living conditions in industrial localities, especially in immigrant sections, are also highly congested, and not up to American standards, and, in many cases, constitute a menace to the general health of the communities.

Mining areas and villages, as well as some of the communities which have grown up around the manufacturing industries, in their living and working arrangements, are, as a rule, completely under the control of the operating companies. In many cases, this control assumes the form of a benevolent capitalism and in some cases it is despotic.

In many industries the hours of work are excessive.

Only a comparatively small proportion, probably not as many as ten per cent of industrial workers, are organized for collective bargaining, and the increasing use of machinery has rendered less and less necessary the requirements of skill and experience, and is constantly adding to the relative proportions of unskilled wage-earners who are difficult of organization and control.

A large proportion of these unskilled workers in mines and factories are composed of recent immigrants from southern and eastern Europe who are without permanent interest in the country, and practically devoid of aspiration for economic advancement. The majority of these immigrants wish to save the maximum amount within a minimum length of time, and then return to their native lands. To realize this ambition they are willing to receive without protest rates of wages which are unacceptable to the native American standard, and to acquiesce in working conditions to which the native wage-earner makes objection.

In the face of this situation, obviously the practical question is, What can be done to improve the condition of the wage-earner and consumer; how can they be assured that their economic welfare will be developed along with industrial progress, and what means can be employed to bring about the greatest measure of industrial peace? It is apparent that no remedy can be applied which will immediately produce an industrial Utopia. The present situation has developed through a slow, evolutionary process, and the existing economic forces must be supplanted by others which will gradually work out the desired industrial order. It is also evident that there is no legislative panacea. Much can be done by legislation. The most that can be hoped for, however, is by sound laws to place the existing economic forces into proper channels. The ultimate goal must be attained by the interplay of these forces, and this action will be influenced by codes of business, corporate and political conduct, by general and industrial education, and by the attitude and program of labor organizations. It is certain that what is primarily needed is the correct treatment of fundamentals. Extensive legislative and other measures are, as a rule, only superficial palliatives which, if the existing industrial situation is properly diagnosed, would frequently be unnecessary. It is futile to attempt to ameliorate the outward evidences of conditions. The way to eliminate the present inequalities and causes of dissatisfaction, is to attack the base of the disease. There are certain principles underlying our industrial organization and the self-governing republic of which we are citizens, which must be accepted as a starting point for any constructive program. With the acceptance of these principles, the inferences as to what should be done relative to the existing industrial situation are comparatively easy. The statement of several of the most important of these principles at this point will be of great advantage in arriving at a conclusion.

In the first place, it is clear that in making any recommendations or suggestions for the betterment of industrial relations, the existing economic order and the present industrial organization

must be taken as a starting point. Radical changes or revolutionary programs for overturning existing institutions can have no place in the practical solution of the problem of industrial unrest.

In the second place, it should be recognized that if the ideals of the self-governing republic under which we are living are to be realized, wage-earners must have a fair measure of participation in the output of industry, based on their efficiency and productivity, and an equitable share in the results of industrial progress.

Again, it should be accepted that the true measure of industrial expansion does not consist in the volume of the annual output of our mines and manufacturing establishments, in the number of tons of coal mined, the yards of print cloth woven, or in the tons of steel rails produced. The real standard of measurement of our industrial development is to be found in the economic status and welfare of the industrial worker. If industrial progress has been attended by a proper advancement in the economic well-being of the individual, it is worthy of acceptance; if, on the other hand, it has resulted in the economic degradation of the wage-earner, or in his failure to participate properly in the output of his labor, it has been a failure.

Furthermore, under our institutions, careful and proper consideration should be given to the rights of capital and property, and there should be no interference or regulation on the part of the public which would impair a fair and generous return to capital invested in legitimate industries sufficient to stimulate individual initiative and enterprise. On the other hand, it should be accepted as basic and fundamental in any effort to improve industrial conditions, that industries should be maintained in general for the good of the people as a whole, and that the wage-earning classes do not live and work for the benefit of industry in the strict sense of the term. It should be further recognized that the corporation organization and management of industry has been sanctioned for the general good. Corporations in their activities should not be permitted to subordinate democratic institutions. The principles of political democracy are a failure unless they go hand in hand with the realization of industrial democracy. Practically political democracy has been attained; industrial democracy is still to be realized. The great political problem of the present day, and of the future, is to bring corporation forms of industrial enterprise and democratic institutions into harmonious working relations, so as to preserve the present and future welfare of the individual and at the same time not lose the benefits which flow from large-scale production, combination and integration, and the corporation organization and control of industry.

In this connection, the most significant phase of the situation is the evident belief on the part of the public that industry, as regards its control, its methods, and its working conditions and relations, has too long been considered heretofore as essentially a private and individual matter. Already there are positive and unmistakable signs of a trend toward the conception of industry as a thing in which the entire public is, and ought to be, interested. This does not imply the adoption of a socialistic program, but it portends a movement toward industrial democracy and industrial constitutionalism, which will enable the wage-earner, the capitalist and other members of society to govern their relations according to the principles of economic justice. It means that in the future the public, through its governmental agencies, will participate in industrial relations which in the past have been left almost entirely to employers and employees, and that the public will do this, not only for its own protection, but for the maintenance of those ideals in industry which it has already set up for itself in political affairs.

These being the principles upon which the industrial problem must be based, the practical question remains as to what must be done to correct any inequalities or any causes of industrial unrest which now exist. As to the general decline in real wages because of increases in the price level, this is not a matter for legislative treatment, but is a world-wide phenomenon, which must be met by more scientific methods of farming, better market facilities, and by the avoidance of waste and changes in the habits of consumption of the people.

In the second place, although it may, at first blush, seem to be a far cry from the control of corporations and credit to the labor problem; as a matter of fact, the regulation of corporations is fundamental, and the indispensable preliminary to the solution of industrial discontent. By the proper regulation of industrial and transportation corporations, injustices in the distribution of the output of

industry may be remedied, and the way paved for the future adjustment of industrial relations by collective agreement under private or governmental auspices. In this connection, it is clear that there should be public supervision and regulation of the security issues of corporations in order to insure actual investment of the proceeds from sales of security issues and to prevent overcapitalization. For the same reason consolidations and reorganizations of corporations should not be legal without the sanction of some public agency, such as the Interstate Commerce Commission, Federal Trade Commission, or State and Municipal Public Utility Commissions. It is not necessary that such regulation should proceed to the point that public bodies, either state or federal, should be required to sanction new issues of corporation securities. Proper publicity relative to new flotations would be sufficient. What is necessary is to make sure that securities are issued only to obtain needed capital and that the proceeds of the securities are actually placed in the earning capacity or the property of the corporation.

The necessity for the public regulation of corporation capitalization is fundamental. By this means the improper capitalization of the increased productive efficiency of industry may be prevented, and the wage-earner and the consumer may receive a fair share in the output of industry. Without the proper regulation of the flotation of stock and bonds of industrial and transportation corporations there can be no hope for the wage-earner. Handicaps have already been imposed on the present generation and generations to come by the issue of fictitious securities. The earning power of future wage-earners has already been mortgaged or hypothecated. This tendency in corporation finance cannot be permitted to continue. The fair and proper distribution of industrial output or the annual increment of national wealth is dependent upon the public regulation of corporation security issues. The economic advancement of the wage-earning classes is involved in the enactment of such legislation.

Along with the legislation to prevent overcapitalization should go measures for the proper supervision and publicity of the financial management of corporations. The dependence of industrial and transportation corporations upon certain groups of banking institutions should be lessened and improper financial management, which results in the dissipation and waste of the productive efficiency of industry, should be prevented. The recent disclosures of the financial administration of certain large transportation corporations, such as the New York, New Haven and Hartford Railroad; the Rock Island Company; and the St. Louis and San Francisco Railroad, furnish concrete examples of the necessity of such regulation. The Clayton Act and the Federal Trade Commission law have been designed to insure the responsibility of corporation directors, the elimination of interlocking directorates, and to prevent unfair business practices. These measures should be supplemented by legislation providing for the incorporation under national charters and federal regulation of industrial corporations engaged in interstate traffic. The present powers of the Interstate Commerce Commission should be extended, and if necessary, its membership increased, so as to give that body the proper authority to scrutinize efficiently the financial management of railroads.

As a second legislative measure for the promotion of industrial peace, the federal government should enact legislation providing for a limitation of immigration. Without a restriction of immigration, temporarily at least, there is small hope for the advancement of the economic welfare of the great mass of industrial workers, and of the principles of collective bargaining. Recent immigration, as already pointed out, is economic or industrial in its significance. Its social and political phases are relatively of small import and racial characteristics are of little consequence. Moreover, aside from all considerations of restriction, there is a vital need at present for American industrial communities to awake from their indifference to their responsibilities to the foreign portions of their population, and to take measures to assimilate, both politically, industrially and otherwise, the immigrants in their midst.

The development of proper facilities for vocational education is also a matter for fundamental consideration in attempting to lessen industrial unrest and improve the economic status of the wage-earner. It is necessary to the development of earning capacity and efficiency as a basis for increased rates of compensation. It would also have a direct effect in lessening unemployment and its attendant evils. By adjusting industrial workers to occupations for

which they have shown special aptitude and inclination, and by affording them training for these occupations, it also would bring about a larger measure of general satisfaction and contentment.

Along with this fundamental legislative procedure should go certain measures for securing the proper adjustment of industrial disputes and the equitable working out of the questions of working conditions and compensation. It is plain, as time goes on, that a new theory or method of wage-payments must be developed. The idea of paying industrial workers on the basis of the supply of, and demand for labor must be abandoned. The necessity for this is apparent. The invention and installation of machinery in mines and industrial establishments has eliminated the bargaining power of the wage-earner based on skill, experience and apprenticeship. An untrained immigrant from the agricultural areas of southern and eastern Europe may become a spinner or weaver in a cotton mill, or a coal miner in a few months after his arrival in this country. As a consequence, if wages are adjusted on the basis of supply and demand, as heretofore, or on the requirements of skill, training, physical exertion, the tendency would be for industrial development to lead to the economic degradation instead of the economic advancement of the industrial workers.

This new method of wage-payments should take as a basis present labor costs, and increases in wages should be conditioned on increases in labor efficiency or productivity, or in other words, on a reduction of labor costs. Of course, prices and the margin of profit should be considered at this point, and a fair and liberal return to capital in accordance with the risk involved and sufficient to stimulate capitalistic initiative and enterprise should be assured.

The method of adjusting wage-rates should be by collective bargaining. The tendency in this direction would be for the labor organizations to change gradually from occupational to industrial unions, as is now the case in the mining industry. Ultimate adjustments would finally be brought about through arbitration or wage boards, as is now the case on railroads, in the anthracite mining region, clothing manufacturing in New York City, and in other industries. These boards of arbitration and adjustment at the beginning should be under the auspices of the labor organizations and employers, but later they should undoubtedly, as in the case of the transportation industry at the present time, be brought under the auspices of the State and Federal governments. This does not imply compulsory arbitration. Obviously, the public is vitally interested in proper standards of work and compensation, the regular conduct of industry and the maintenance of economic justice.

This program would obviously involve several assumptions on the part of labor organizations and employers. It would assume on the part of the unions a favorable attitude toward industrial efficiency, the elimination of all restriction of output, and the acceptance by individual members of the necessity of developing their maximum efficiency and output. On the other hand, it would assume that employers would recognize the principles of collective bargaining on the basis which has already been outlined. It cannot be overemphasized that it is incumbent upon the wage-earners and labor leaders, as well as employers, to realize that the general public has a vital interest in the working out of proper industrial relations and compensation to workers. There should be no delusion that there is an indeterminate amount of product of industry which may go to labor provided it has the bargaining power through collective action to demand it. With the correction of injustices in the distribution of industrial output, the workmen must realize that any addition to their share must come through their own efficiency and cooperation, and the employer must recognize the right of the workers to organize and claim this share.

To recapitulate in summary form, the fundamental problem of developing better industrial relations and a larger measure of industrial peace is three-fold: (1) to bring about equity in the distribution of the output of industry by proper regulation of the corporation organization of industry; (2) to make it possible through proper methods of industrial education for industrial workers to develop their productive efficiency, and to make the way clear for advancement along sound and progressive lines; and (3) to add to real income and to accumulated wealth and capital by the adoption of better agricultural methods of production and distribution and the reduction of wasteful habits of consumption among all classes of the population.